

# PTI Board Meeting

# Agenda

- Finance
  - Finance report
  - ICANN Budget process and inclusion of PTI budget
  - Audit committee report and issues arising
  - Audit committee's recommendation on selection of an auditor

# Financial Report



## FY17 IANA Services– YTD January 2017 (7 months) Actuals vs. Budget

FY17 IANA Services in Millions, USD	YTD 7 months Through January 2017		Variance vs Budget		FY 17- 12 Months
	Total IANA		YTD		Total IANA
	YTD Actual	YTD Budget	Fav/(Unfav)	%	Budget
PTI Operations	\$4.0	\$5.0	\$1.0	19.2%	\$9.0
IANA Department - ICANN Funded (a)	\$0.1	\$0.1	\$0.0	0.0%	\$0.3
<b>TOTAL</b>	<b>\$4.1</b>	<b>\$5.1</b>	<b>\$1.0</b>	<b>18.8%</b>	<b>\$9.3</b>

(a) IANA Department Expense consists of the RZMA = Root Zone Maintainer Agreement and capital expense, both funded directly by ICANN Operations

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### Total IANA Services

Total IANA Services expense is lower than budget by \$1.0M attributed to favorability for PTI Operations

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### PTI Operations

PTI Operations is favorable by \$1.0M attributed to favorable personnel expense (\$0.4M) and favorable shared costs for Rent and Admin expense (\$0.4M)

# FY17 PTI Operations Financials– YTD January 2017 (7 months) Actuals vs. Budget

FY17 PTI Operations in Millions, USD	YTD Through January 2017		Variance vs Budget		FY17
	Total PTI		YTD		Total PTI
	YTD Actual	YTD Budget	Total	%	Budget
<b>FUNDING</b>	<b>\$4.0</b>	<b>\$5.0</b>	<b>(\$1.0)</b>	<b>-19.2%</b>	<b>\$9.0</b>
Personnel	\$2.4	\$3.0	\$0.7	21.4%	\$5.2
Travel & Meetings	\$0.3	\$0.2	(\$0.1)	-21.8%	\$0.4
Professional Services	\$0.4	\$0.6	\$0.2	28.6%	\$1.0
Administration	\$0.6	\$0.8	\$0.2	25.4%	\$1.2
Contingency	\$0.0	\$0.0	\$0.0	\$0.0	\$0.6
Capital	\$0.0	\$0.0	(\$0.0)	-17.1%	\$0.1
Depreciation (a)	\$0.3	\$0.3	\$0.0	0.0%	\$0.5
<b>TOTAL CASH EXPENSES</b>	<b>\$4.0</b>	<b>\$5.0</b>	<b>\$1.0</b>	<b>19.2%</b>	<b>\$9.0</b>
<b>EXCESS / (DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>	<b>\$0.0</b>
<b>AVERAGE HEADCOUNT (FTE) (b)</b>	<b>17.2</b>	<b>21.4</b>	<b>(4.2)</b>	<b>-19.8%</b>	<b>21.4</b>

(a) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN

(b) FTE: Full-time staff equivalent

## Key Variances Commentary - \$1.0m favorability

- Personnel expense is favorable to budget by \$0.7M primarily due to the delay of 3 new positions to be hired for PTI.
- Professional Services is favorable to budget by \$0.2M due to lower outside legal fees for the direct shared support.
- Administration costs favorable to budget by \$0.2M. This is primarily due to the \$0.3M of favorability for the KMF Facilities rent which was double counted in the PTI budget. The rent was budgeted in both PTI direct costs and in the and IT Shared support.

## FY17 PTI Operations Services - YTD January 2017 (7 months)

FY17 PTI YTD Actuals Through January 2017 In Millions, USD	YTD Actuals			
	Names	Numbers	Protocol Parameters	FY 17 Actuals
Direct costs / Dedicated resources	1.0	0.3	0.4	1.7
Direct costs / Shared resources	0.7	0.2	0.3	1.1
Support Services Allocations	0.7	0.2	0.3	1.2
<b>Total</b>	<b>\$2.4</b>	<b>\$0.6</b>	<b>\$1.0</b>	<b>\$4.0</b>

FY17 PTI YTD Budget Through January 2017 In Millions, USD	YTD Budget			
	Names	Numbers	Protocol Parameters	FY 17 Budget
Direct costs / Dedicated resources	1.3	0.3	0.6	2.2
Direct costs / Shared resources	0.7	0.2	0.3	1.2
Support Services Allocations	0.9	0.2	0.4	1.6
<b>Total</b>	<b>\$2.9</b>	<b>\$0.7</b>	<b>\$1.3</b>	<b>\$5.0</b>

Variance FY17A vs FY17B In Millions, USD	Variance vs Budget			
	Names	Numbers	Protocol Parameters	Variance
Direct costs / Dedicated resources	(0.3)	(0.1)	(0.1)	(0.5)
Direct costs / Shared resources	(0.0)	(0.0)	(0.0)	(0.1)
Support Services Allocations	(0.2)	(0.1)	(0.1)	(0.4)
<b>Total</b>	<b>(\$0.6)</b>	<b>(\$0.1)</b>	<b>(\$0.2)</b>	<b>(\$1.0)</b>

FY17 Budget PTI by Service In Millions, USD	FY17 Full Year Budget			
	Names	Numbers	Protocol Parameters	FY Budget
<b>Total</b>	<b>\$5.3</b>	<b>\$1.2</b>	<b>\$2.5</b>	<b>\$9.0</b>

# PTI and IANA Budget

FY 18 IANA Budget in Millions, USD		IANA Services FY 18 Budget
PTI Operations		\$9.6
IANA Budget		
RZMA (Operating Expense)	(a)	\$0.3
Capital	(b)	\$0.1
<b>Subtotal</b>		<b>\$0.4</b>
<b>TOTAL IANA BUDGET</b>		<b>\$10.0</b>

(a) RZMA = Root Zone Maintainer Agreement for \$300K per Year. This is funded by ICANN Operations

(b) Capital for IANA for IT systems maintenance

- PTI FY18 OP&B adopted by the PTI Board on 27 January 2017.
- ICANN received as input into the FY18 IANA Budget which is subject to the empowered community veto process
- The IANA Budget is included in the Caretaker Budget should a veto process be triggered

# Audit committee report

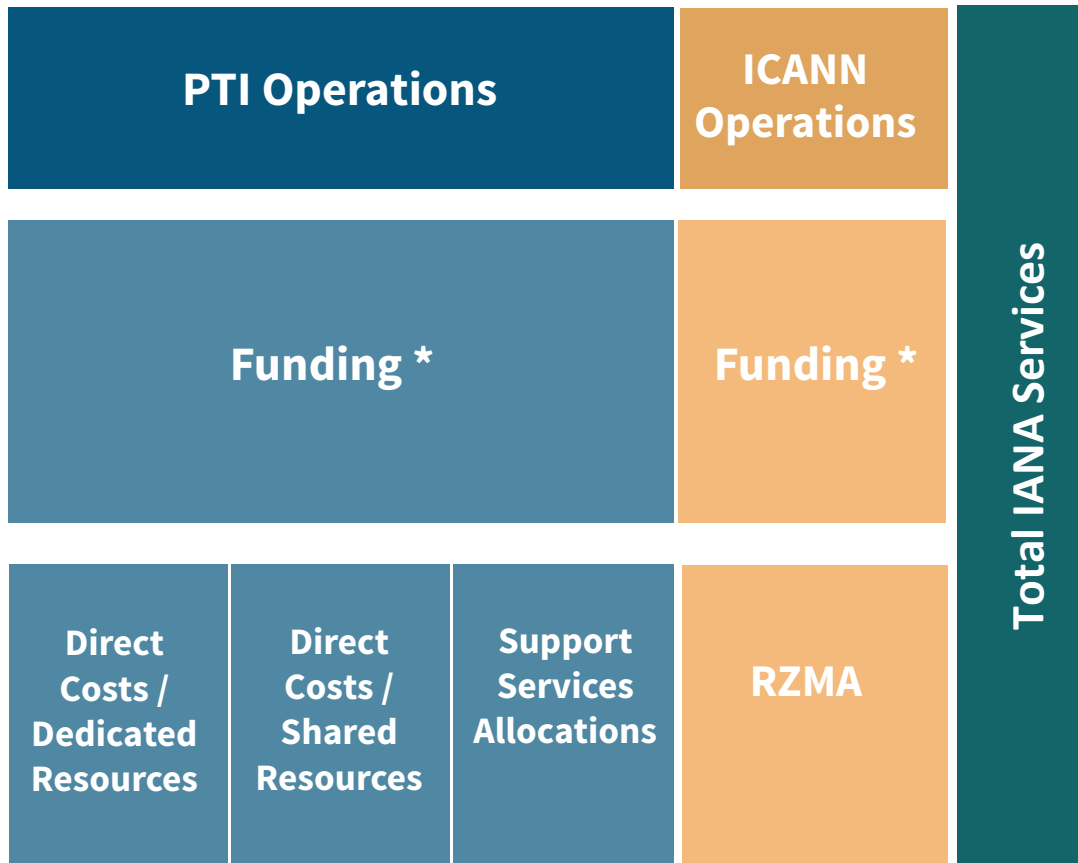


# Audit Committee Report

- BAC update
  - Once the board has approved the appointment of BDO as the independent auditors, the audit engagement letter will be routed to the Audit committee chair
  - The update from the Auditors on the planning and progression of the audit is proposed for June before the year end work.
- AOB

# Appendix

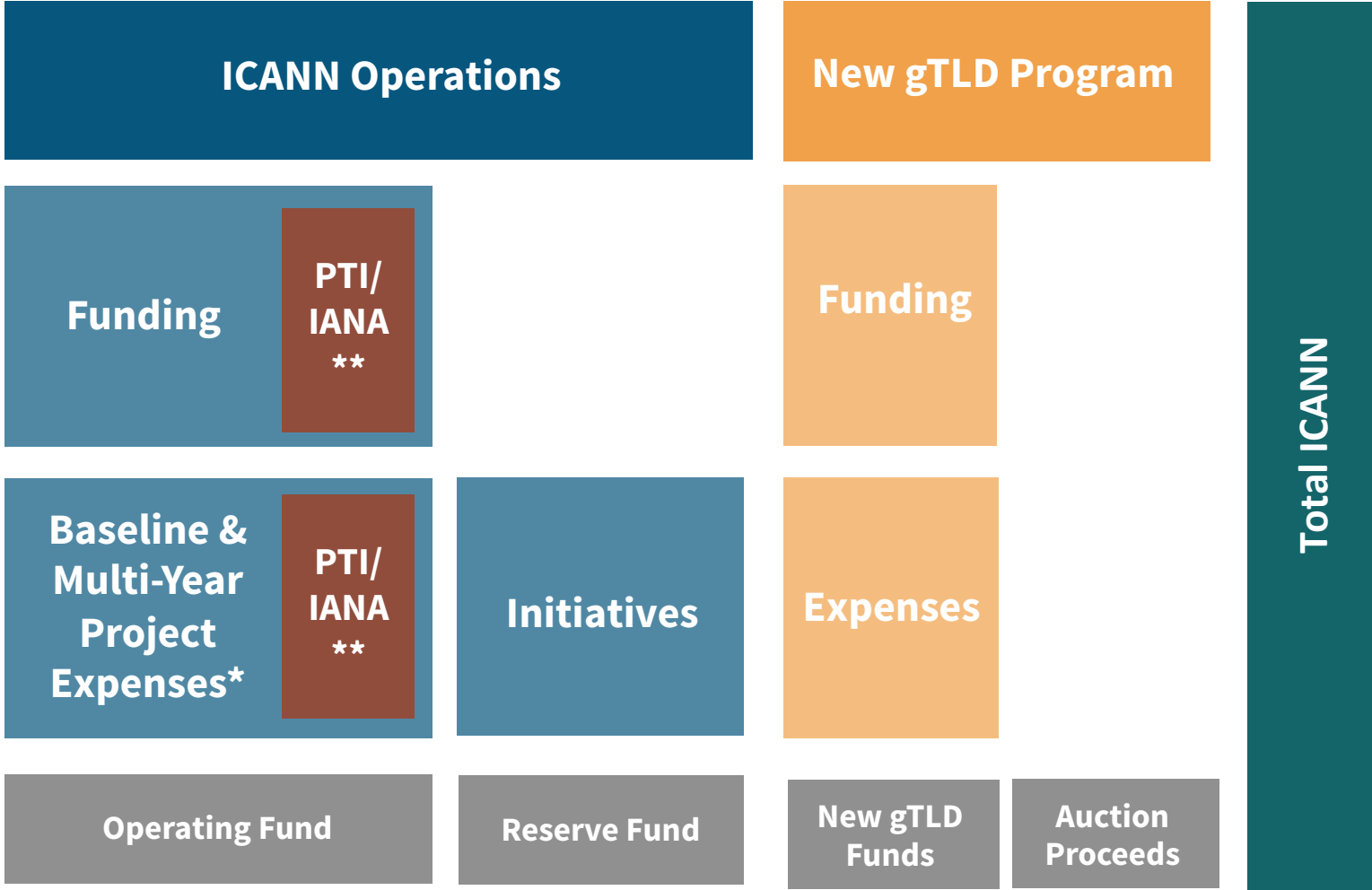
# Financial Reporting Structure – PTI



- Direct Costs / Dedicated Resources represent the activities fully dedicated to delivering the IANA Services
- Direct Costs / Shared Resources represent the resources shared with ICANN
- Support Services Allocations represent supporting functions allocated to IANA/PTI
- Root Zone Maintainer Agreement (RZMA)

\* Previously labeled as revenue

# Financial Reporting Structure – Total ICANN



\* Excludes depreciation and bad debt expenses

\*\* IANA Services includes ICANN’s and PTI’s IANA Expenses